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SUBJECT: PERU RESPONSE TO APEC PRIORITIES DEMARCHE

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¶1. (SBU) Summary: The GOP generally supports the USG's priorities for APEC, especially on trade. Commerce Vice Minister Chan was pessimistic about real progress on IPR, but confident the Counter-Terrorism Task Force's mandate would be extended. Peru's priorities (Ref B) have been mainly trade-related: customs procedures, sanitary and phytosanitary issues, investment liberalization, and the elimination of fishing subsidies. The GOP is paying closer attention to APEC issues than usual as it prepares for hosting in 2008. With the new Garcia Administration having just taken office on July 28, Commerce and Foreign Ministry officials are still scrambling to brief their new bosses and obtain their approval on the way forward. End Summary.

¶2. (SBU) Econoff discussed Ref A points with Ministry of Commerce (MINCETUR) Vice Minister for APEC Julio Chan Sanchez on August 1, 2006. (Post is separately delivering Ref A points to Foreign Ministry.) Chan said the GOP generally supported the USG's priorities, especially on trade liberalization. He offered specific comments on the following:

--Technology Choice: Peru has sent comments on the USG-drafted text twice, but its comments have not been incorporated. The GOP is not opposed to the USG vision, but feels the text should be simplified and made "more direct." Chan opined that Malaysia and the PRC would be the main obstacles to moving this forward.

--Single Windows: Chan noted that the GOP was having a difficult time coordinating its many ministries to make single windows a reality within Peru. He was interested in learning more about the USG's experience.

--IPR: Chan was pessimistic about real progress on IPR, maintaining that the laws of supply and demand would continue to lead to piracy as long as the retail price of movie and music discs greatly exceeded the price of pirated versions. He noted that although the GOP had signed onto the relevant international commitments, its IP agency, INDECOPI, faces huge implementation challenges because of a lack of training, personnel and other resources. Econoff noted that IP protection seemed to be important to Peruvian indigenous groups' patrimony, and Chan said this aspect was a priority for the GOP.

--CTTF: Given continuing terrorist attacks around the world, Chan felt there was "no doubt" the mandate of the Counter-Terrorism Task Force would be extended. He knew of no interested candidates for the chair position, but suggested that Indonesia may be interested given its security issues.

--APEC Reform: The GOP is currently paying special attention to APEC issues in preparation for Peru's role as host in 2008. Chan said the GOP believes there are too many groups and too many new topics within the APEC framework. He said the GOP would be suggesting the dissolution or merger of some groups.

--Trade: The GOP will continue to strongly back APEC's role in

supporting the WTO and Doha agenda, and trade liberalization in general. He said most countries were on standby awaiting the resolution of the U.S.-EU agricultural impasse.

13. (SBU) Regarding Peru's priorities for APEC 2006 (Ref B), Chan focused on the Trade and Investment Committee (CTI). Of the four areas falling under trade facilitation, Peru is most interested in customs procedures. The GOP also supports adding sanitary and phytosanitary (SPS) issues as a fifth area, perhaps for the 2008 Peru meeting. Other GOP priorities include the liberalization and facilitation of investments, and the elimination of fishing subsidies. A new government just took office on July 28, so Trade and Foreign Ministry personnel are getting ready to recommend priorities and a plan of action to the new ministers for their approval.

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